

REMARKS**1. SECTION 101 REJECTION**

Claims **77-88** stand rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter. In particular, Examiner asserts that "[t]he claimed invention is not within the technological arts – i.e., no computer implementation or any other technology is employed." Current Office Action, page 2. Applicants respectfully traverse this rejection for the reasons set forth below.

The §101 rejection of the claims is flawed because the Examiner has not made out a prima facie case of unpatentability. Specifically, the Examiner has not shown that any of the rejected claims are directed to non-statutory subject matter. In particular, Examiner has not shown that the claims do not produce a "useful, concrete and tangible result", which is the sole requirement for statutory subject matter under §101. In fact, each of the claims **77-88** does produce a "useful, concrete and tangible result."

Whether a claim is directed to statutory subject matter under §101 is a question of law. AT & T Corp. v. Excel Communications, Inc., 172 F.3d 1352, 1355, 50 USPQ2d 1447, 1449 (Fed. Cir. 1999).

The proper legal test for the presence of statutory subject matter is only that a claimed process or apparatus produce a "useful, concrete and tangible result." State Street Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1375, 47 USPQ2d 1596, 1602 (Fed. Cir. 1998), cert. denied, 525 U.S. 1093, 142 L.Ed.2d 704, 119 S.Ct. 851 (1999) ("For purpose of our analysis, as noted above, claim 1 is directed to a machine programmed with the Hub and Spoke software and admittedly produces a 'useful, concrete, and tangible result.' ... This renders it statutory subject matter, even if the useful result is expressed in numbers, such as price, profit, percentage, cost, or loss."); AT & T Corp., 172 F.3d at 1361 ("[T]he focus is understood to be not on whether there is a mathematical algorithm at work, but on whether the algorithm-containing invention, as a whole, produces a tangible, useful result."). See also, State Street Bank, 149 F.3d at 1373 ("In Alappat, we held that data, transformed by a machine through a series of

mathematical calculations to produce a smooth waveform display on a rasterizer monitor, constituted a practical application of an abstract idea...because it produced ‘a useful, concrete and tangible result’ -- the smooth waveform”); *State Street Bank*, 149 F.3d at 1373 (“in *Arrhythmia Research Technology Inc.* ..., we held that the transformation of electrocardiograph signals from a patient’s heartbeat by a machine through a series of mathematical calculations constituted a practical application of an abstract idea...because it corresponded to a useful, concrete and tangible thing -- the condition of a patient’s heart” (citations omitted)).

While other criteria, if satisfied, may be useful in indicating the presence of a “useful, concrete and tangible result” (and therefore indicate that a claim is directed to statutory subject matter), the absence of such criteria does not preclude a finding of statutory subject matter. The “ultimate issue” always has been whether a claim as a whole is drawn to statutory subject matter. *See, AT & T Corp.*, 172 F.3d at 1359. Such other criteria are not requirements, but merely some of several ways that can demonstrate that an invention produces a useful, concrete and tangible result.

For example, the reciting of physical limitations may be helpful, but not necessary to render a claim statutory. *AT & T Corp.*, 172 F.3d at 1359 (“Whatever may be left of the earlier test, if anything, this type of physical limitations analysis seems of little value...”). Even where a claim incorporates a mathematical algorithm, in contrast to focusing on a physical limitations inquiry, the inquiry deemed the “ultimate issue” “focuses on whether the mathematical algorithm is applied in a practical manner to produce a useful result.” *AT & T Corp.*, 172 F.3d at 1359 – 60.

In another example, a physical transformation by a claimed process is one example (but not a requirement) of how a mathematical algorithm may bring about a useful application. *AT & T Corp.*, 172 F.3d at 1357. *See also, Diamond v. Diehr*, 450 U.S. 175, 192, 67 L.Ed.2d 155, 169, 101 S.Ct. 1048, 1059 – 60 (1981) (the “e.g.” signal denotes that physical transformation is an example, not an exclusive requirement for satisfying §101); *Arrhythmia Research Tech.*, 958 F.2d 1053, 1060, 22 USPQ2d 1033, 1039 (Fed. Cir. 1992) (the transformation simply confirmed that *Arrhythmia*’s method

claims satisfied §101 because the method produced a number which had specific meaning – a useful, concrete, tangible result – not a mathematical abstraction).

Certain features are not helpful to the proper analysis, and have no bearing on the presence of statutory subject matter. For example, whether a result of a claim is expressed in numbers makes no difference. State Street Bank, 149 F.3d at 1374, (“[E]ven if the useful result is expressed in numbers, such as price, profit, percentage, cost or loss,” the invention that produces that useful result is statutory); Arrhythmia, 958 F.2d at 1060 (“That the product is numerical is not a criterion of whether the claim is directed to statutory subject matter.”).

When a mathematical algorithm included within a claimed process is “applied to produce a number which had specific meaning – a useful, concrete, tangible result – not a mathematical abstraction”, that process claim satisfies §101. AT & T Corp., 172 F.3d at 1357, (citing Arrhythmia, 958 F.2d at 1060). Under the proper standard, claims have been found statutory because they produced useful results such as “a final share price”, State Street Bank, 149 F. 3d at 1373; a “value of a PIC indicator” which represents “information about the call recipient’s PIC”, AT & T Corp., 172 F.3d at 1357; and a condition of a patient’s heart, Arrhythmia, 958 F.2d at 1060.

In discussing the proper legal test, the Court of Appeals for the Federal Circuit has also acknowledged the judicially-created exceptions to statutory subject matter. See, e.g., AT & T Corp., 172 F.3d at 1355 (“[The Supreme Court] has specifically identified three categories of unpatentable subject matter: ‘laws of nature, natural phenomena, and abstract ideas.’” (quoting Diamond v. Diehr, 450 U.S. at 185)); State Street Bank, 149 F.3d at 1373. The Court also clarified that “certain types of mathematical subject matter, standing alone, represent nothing more than abstract ideas until reduced to some type of practical application, i.e., ‘a useful, concrete and tangible result.’” State Street Bank, 149 F.3d at 1373. Clearly, a claimed invention that satisfies this proper standard for statutory subject matter (e.g., by producing a useful, concrete and tangible result) cannot, by definition, also fall within one of the judicially-created exceptions to statutory subject matter (e.g., abstract ideas).

Claims 77-88 produce a useful, concrete and tangible result, is therefore limited to a practical application, and the rejection of these claims for lack of statutory subject matter cannot stand.

Briefly, claims 77-88 include the limitation of *determining a reward for the potential buyer*. This feature produces a useful, concrete and tangible result – a reward that may be, e.g., used by a buyer to discount the cost of an item.

In this sense, the *determined reward* is like the “final share price” deemed to be a useful, concrete and tangible result in State Street Bank. Appellants note that the example uses of the flat rate price need not be recited, just as no uses were required to be recited in the claims in State Street Bank. Appellants further note that the independent claim at issue in State Street Bank, as upheld by the Federal Circuit, recited a machine which functioned to determine a final share price of a mutual fund. The independent claim did not recite any specific application of the share price.” Accordingly, Examiner’s reasoning is contrary to Federal Circuit case law.

Similarly, the claims held statutory in AT & T v. Excel recited only “generating a message record” which included certain information. No further “use” of the message record was recited in the claims.

For the reasons set forth above, Applicants respectfully request that the §101 rejection of claims 77-88 be withdrawn.

2. NON-STATUTORY DOUBLE PATENTING

All of pending Claims 77-90 stand “rejected under the judicially created doctrine of obviousness-type double patenting” as being unpatentable over specified claims of U.S. Patent No. 6,415,262.

While we do not agree with this rejection, a terminal disclaimer is filed concurrently herewith solely to expedite the prosecution of the present application. Accordingly, the double patenting rejection of Claims 77-90 is moot.

3. SECTION 102 REJECTIONS

Claims **77, 78, 81 and 82** stand rejected under 35 USC § 102(b) as being anticipated by Ring (Real Estate Principles and Practice, 1972). Applicants respectfully traverse the rejection of claims **77, 78, 81 and 82** based on the Ring reference. As explained below, the reference does not teach or suggest all the limitations of any claim.

(a) Independent Claim 77

We respectfully submit that Claim **77** is not anticipated by Ring. Ring does not teach or suggest all of the features of independent Claim **77**. As best understood by us, the Examiner asserts the following to be true with respect to independent Claim **77**:

Ring teaches:

- determining the price of said real estate, which reads on a reward for the potential buyer based on the intent data, in which the reward/price comprises money for the potential buyer
 - “[t]he logic is explicit if the seller agrees to a price lower than the real estate’s listed price. The difference between listed and contract prices is a discount that reads explicitly on money for the potential buyer, said money received at closing.

Present Office Action, p. 6.

We respectfully traverse these assertions. We have carefully reviewed the Ring reference cited by the Examiner, without finding a teaching or suggestion of *determining a reward for the potential buyer based on the intent data, in which the reward comprises money for the potential buyer*. Contrary to the Examiner’s assertion, Ring is devoid of any hint or suggestion of *determining a reward for a potential buyer...in which the reward comprises money...*

As best understood by us, the Examiner's argument regarding the teaching of Ring would require the seller to pay a purchaser money if the purchaser negotiated a price lower than the listed price of the real estate. There is no support for this assertion in the record, and further, the examiner has not cited any portion of the reference in support of his assertion. As such, the Examiner has failed to make a *prima facie* case of anticipation as to every limitation of claim 77. Consequently, Applicants respectfully request reconsideration and withdrawal of the rejection.

(b) Independent Claim 81

We respectfully submit that Claim 81 is not anticipated by Ring. Ring does not teach or suggest all of the features of independent Claim 81. As best understood by us, the Examiner asserts the following to be true with respect to independent Claim 81:

Ring teaches:

- determining a reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period

Present Office Action, p. 6.

We respectfully traverse these assertions. We have carefully reviewed the Ring reference cited by the Examiner, without finding a teaching or suggestion of *determining a reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period*. Contrary to the Examiner's assertion, Ring is devoid of any hint or suggestion of *determine a reward based on...the degree of specificity, the degree of certainty, and a length of the particular time period*.

There is no support for this assertion in the record, and further, the examiner has not cited any portion of the reference in support of his assertion. As such, the Examiner has failed to make a *prima facie* case of anticipation as to every limitation of claim 81. Consequently, Applicants respectfully request reconsideration and withdrawal of the rejection.

(c) Dependent Claims 78 and 82

Since each of claims **78 and 82** is dependent from an independent claim that includes the features discussed above, Applicants respectfully submit that claims **78 and 82** are patentable at least for the same reasons discussed above.

Claims **86-88** stand rejected under 35 USC § 102(b) as being anticipated by Ring or in the alternative under 35 USC § 103(a) as obvious over Ring. Applicants respectfully traverse the rejection of claims **86-88** based on the Ring reference. As explained below, the reference does not teach or suggest all the limitations of any claim.

(d) Independent Claim 86

We respectfully submit that Claim **86** is not anticipated by Ring. Ring does not teach or suggest all of the features of independent Claim **86**. As best understood by us, the Examiner asserts the following to be true with respect to independent Claim **86**:

- “Ring does not explicitly teach recursive negotiation of the contract terms (step (g) in claim 86). However, under the principles of inherency, since the reference invention necessarily performs the method claims, the method claimed is considered anticipated by the reference invention.”

Present Office Action, p.7. As evidence, the Examiner has states that “...the contract of sale (pp. 71-73) has many blanks requiring specification, which is inherently a process of recursive negotiation.” Id.

Inherency requires that extrinsic evidence makes it clear that the missing descriptive matter is necessarily present in the reference, and that it would be so recognized by persons of ordinary skill. In re Robertson, 169 F.3d 743 (Fed. Cir. 1999). The blanks of the contract of sale cited by the Examiner could easily be filled in with information that was settled upon by the interested parties without recursive negotiation; e.g., the list price of the real estate. Because another example can be provided, recursive negotiation is not necessarily present in the Ring reference and the claim limitation is not inherent in the reference. As such, the Examiner has failed to make a *prima facie* case of

anticipation as to every limitation of claim 86. Consequently, Applicants respectfully request reconsideration and withdrawal of the rejection.

Regarding the rejection of Claim 86 under 35 USC § 103(a) as obvious over Ring, we respectfully submit that Claim 86 is non-obvious over the Ring reference. As best understood by us, the Examiner asserts the following to be true with respect to independent Claim 86:

- “[B]ecause it is the most efficient means to have two parties come to agreement on many unspecified details, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to add recursive negotiation of the contract terms (step (g) in claim 86) to the teachings of Ring et al.”

Id. (Emphasis in original).

The Examiner has failed to provide a reference for the assertion that “[recursive negotiation] is the most efficient means to have two parties come to agreement on many unspecified details.” Further, the Examiner has failed to provide a motivation within the Ring reference to modify the reference to achieve the limitation of Claim 86. As such, the Examiner has failed to make a *prima facie* case of obviousness as to every limitation of claim 86. Consequently, Applicants respectfully request reconsideration and withdrawal of the rejection.

(e) Dependent Claims 87 and 88

Since each of claims 87 and 88 is dependent from an independent claim that includes the features discussed above, Applicants respectfully submit that claims 87 and 88 are patentable at least for the same reasons discussed above.

(f) Independent Claims 89 and 90

Claims 89 and 90 stand rejected under 35 USC § 102(b) as being anticipated by U.S. Patent No. 5,26,281 issued to Abecassis (herein “Abecassis”). Applicants respectfully traverse the rejection of claims 89 and 90 based on the Abecassis reference. As explained below, the reference does not teach or suggest all the limitations of any claim.

(1) Abecassis Does Not Disclose All the Limitations of Independent Claim 89

As best understood by us, the Examiner asserts the following to be true with respect to independent Claim 89:

Abecassis teaches:

- *software operative to run on the processor to issue a reward to a potential buyer in exchange for demand information, the demand information including at least a description of an item the potential buyer intends to purchase within a particular time period*
- *wherein the software is operable to direct the processor to charge a penalty to a financial account of the potential buyer if a confirmation signal is not received within the particular time period.*

We respectfully traverse these assertions. We have carefully reviewed the Abecassis reference cited by the Examiner, without finding a teaching or suggestion of software operative to run on the processor to issue a reward to a potential buyer in exchange for demand information, much less wherein the software is operable to direct the processor to charge a penalty to a financial account of the potential buyer.

Independent Claim 89 recites software operative to run on the processor to issue a reward to a potential buyer in exchange for demand information. Various embodiments of the present invention are directed to “the potential buyer [being] rewarded for providing information about his intent to purchase one or more particular items.” [Specification, page 4, lines 19 – 21.] “The intent data includes a description of the item and may also include other information, such as a degree of certainty with which the potential buyer intends to purchase the item, and a particular time period within which the potential buyer intends to purchase the item.” Id., lines 15-18.

In contrast, and contrary to the Examiner's assertion, Abecassis is devoid of any hint or suggestion of software operative to run on the processor to issue a reward to a potential buyer in exchange for demand information, as recited in independent Claim 89. Abecassis describes:

- ...of the variety of escrow services available, none provide a universal service that is all encompassing with regard to transaction type, readily accessible, or easily implemented as part of usual business transactions. Further conventional escrow services usually suffer from a preestablished one sided relationship to one of the parties, usually the seller. Still further, escrow procedures lack the degree of automation that would permit the automatic disbursement of the deposit based on preestablished conditions (i.e. the passing of the delivery-by-date without the buyer accessing the deposit record and preventing its payment).

[Column 2, lines 45-57.] Abecassis thus describes an escrow system that allows automatic deposit payments. There is nothing in Abecassis, however, that would suggest software operative to run on the processor to issue a reward to a potential buyer in exchange for demand information as taught by the present invention. Accordingly, there is nothing in Abecassis that would suggest software operative to run on the processor to issue a reward to a potential buyer in exchange for demand information, much less wherein the software is operable to direct the processor to charge a penalty to a financial account of the potential buyer. As such, the Examiner has failed to make a *prima facie* case of obviousness as to every limitation of claim 89. Consequently, Applicants respectfully request reconsideration and withdrawal of the rejection.

(2) Abecassis Does Not Disclose All the Limitations of Independent

Claim 90

Claim 90 contains the same limitations as discussed above with respect to Claim 89. Specifically, software operative to run on the processor to issue a reward to a potential buyer in exchange for demand information and wherein the software is operable to direct the processor to charge a penalty to a financial account of the potential buyer. As Claim 90 includes the features discussed above, Applicants respectfully submit that Claim 90 is patentable at least for the same reasons discussed above with respect to Claim 89.

3. SECTION 103 REJECTIONS

(a) Dependent Claims 79 and 80

Claims **79 and 80** stand rejected under 35 U.S.C. 103(a) as being unpatentable over Ring. We respectfully traverse the Examiner's Section 103(a) rejection.

The Examiner states that "Ring et al. does not teach a partial penalty for purchase of a similar item". Such a situation occurs when the contract of sale was signed with a builder offering multiple properties, and the buyer wanted to change the property to be purchased." Present Office Action, p. 7 (emphasis in original). The Examiner must provide substantial evidence in the record that "such a situation" was known. If Ring does not suggest the claimed feature, as admitted by the Examiner, the Examiner must provide a supporting reference. The Examiner has not cited any reference nor is there any evidence of record to support this assertion.

Further, the Examiner states that "[b]ecause it would help the builder retain a satisfied customer, it would have been obvious to one of ordinary skill in the art, at the time of the invention, add a partial penalty for purchase of a similar item to the teachings of Ring et al." Id. (emphasis in original). Ring does not support this proposed motivation; the Examiner does not assert otherwise. Again, the Examiner has failed to cite any reference nor is there any evidence of record to support this assertion. Further, even if the asserted motivation ("because it would help the builder retain a satisfied customer") was supported by evidence (which it is not), there is no evidence that such a motivation would lead one of ordinary skill in the art to provide for the specific claimed feature.

Accordingly, the Examiner has failed to make a *prima facie* of obviousness with respect to every limitation of Claims **79 and 80**. Therefore, Applicants respectfully request reconsideration and withdrawal of the Section 103 rejection with respect to Claims **79 and 80**.

(b) Independent Claims 83-85

Claims **83-85** stand rejected under 35 U.S.C. 103(a) as being unpatentable over Ring. We respectfully traverse the Examiner's Section 103(a) rejection.

The Examiner states that “Ring et al. does not teach a partial penalty for purchase after the particular time period.” Since the contract of sale is a negotiated instrument, the seller may readily agree to proceed with a late sale for some additional consideration that would read on a penalty.” Present Office Action, p. 7 (emphasis in original). The Examiner has not cited any reference nor is there any evidence of record to support this assertion. The Examiner must provide substantial evidence in the record that “such a situation” was known. If Ring does not suggest the claimed feature, as admitted by the Examiner, the Examiner must provide a supporting reference.

Further, the Examiner states that “[b]ecause it would enable both the buyer and the seller to conclude the agreement satisfactorily, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to add a partial penalty or purchase after the particular time period to the teachings of Ring et al.” Id. (emphasis in original). Again, the Examiner has failed to cite any reference nor is there any evidence of record to support this assertion. The Examiner must provide substantial evidence in the record that “such a situation” was known. If Ring does not suggest the claimed feature, as admitted by the Examiner, the Examiner must provide a supporting reference.

Accordingly, the Examiner has failed to make a *prima facie* of obviousness with respect to every limitation of Claims **83-85**. Therefore, Applicants respectfully request reconsideration and withdrawal of the Section 103 rejection with respect to Claims **83-85**.

CONCLUSION

For the reasons stated above, it is submitted that all of the claims are in condition for allowance. The Examiner's early re-examination and reconsideration are respectfully requested.

If the Examiner has any questions regarding this amendment or the present application, the Examiner is cordially requested to contact Jason Skinder at telephone number 203-461-7017 or via electronic mail at jskinder@walkerdigital.com.

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